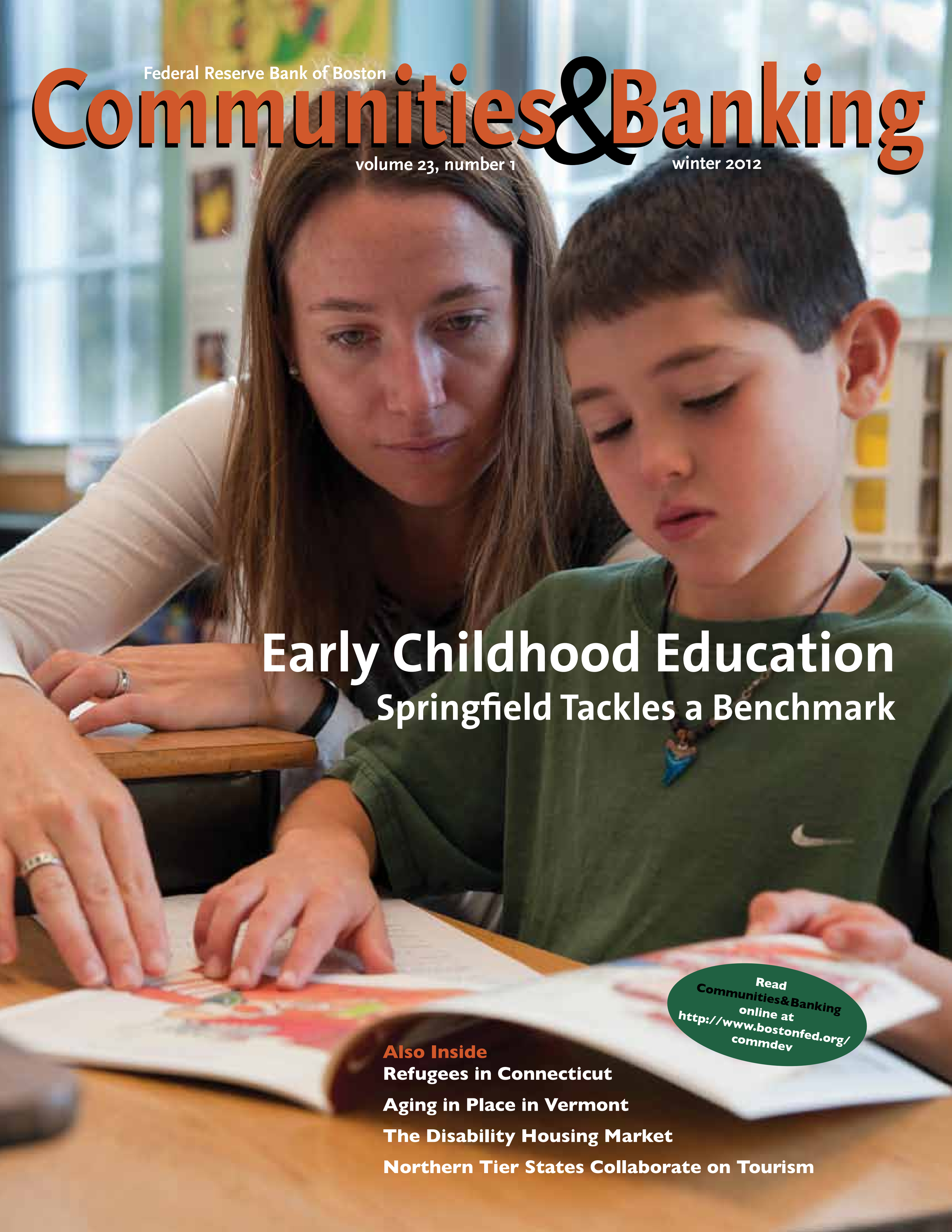

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Communities&Banking

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Early Childhood Education

Springfield Tackles a Benchmark

Read Communities&Banking online at http://www.bostonfed.org/commdev

Also Inside

Communities & Banking magazine aims to be the central forum for the sharing of information about low- and moderate-income issues in New England.

Editor
Caroline Ellis

Graphic Design
Julie Weinstein

If you would like to submit an article for a future issue of *Communities & Banking*, please contact the editor.

Cover photograph: Kate Samp, Strategies for Children

Contents

Letter from the Editor

Thank you for reading *Communities & Banking,* the only magazine focusing on the economic health of New England's lower-income communities.

Our winter issue digs into several ongoing interests. Consider education. In spring 2008, we highlighted Federal Reserve research showing that early childhood education ultimately provides a bigger return on public investment than convention centers and stadiums, and we have routinely shared new ideas and research from the education field. Our current cover story describes a program to improve a key reading benchmark that correlates with lifelong success. Another article zeroes in on the relationship between test scores and state lead-removal policies.

Of two Northern Tier articles, one looks at an unusual interstate collaboration to build tourism; another reports on post-foreclosure neighborhood stabilization. And because foreclosures continue to affect low-income people and communities, we think readers will appreciate our map showing where foreclosure rates were highest as of July 2011.

We continue to care about how lower-income people are housed and are publishing an article on a new approach to funding independent living for people with disabilities plus a piece describing successful efforts to keep frail elders in their homes.

That is just a snapshot. The magazine keeps bringing new angles to ongoing concerns while introducing little-known issues that readers should know about. The goal is to provide a forum for sharing ideas with all who care about lower-income issues in New England. Before *Communities & Banking*, practitioners in one state might attempt an initiative that practitioners in another state had done successfully, but one group seldom knew about the other. We're trying to change that.

You might be interested to know that as of this writing, New Hampshire public radio and two blogs have already picked up and passed along several of the fall issue's articles. We hope you will spread the word, too. Remind colleagues that subscriptions are free.

Communities & Banking articles are also online at www.bostonfed.org/commdev/c&b. And you can follow Federal Reserve Bank of Boston tweets about articles @BostonFed on twitter.

I hope you'll be in touch.

Caroline Ellis, Managing Editor
caroline.ellis@bos.frb.org

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Caroline Ellis
Editor, *Communities & Banking*
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, MA 02210
(617) 973-3187
caroline.ellis@bos.frb.org

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Early Childhood Education
Springfield Tackles a Benchmark

by Irene Sege, Strategies for Children

The old industrial city of Springfield, Massachusetts, has a long history with the written word. Dr. Seuss, whose rhymes made learning to read fun, was born here. This is the birthplace, too, of Merriam-Webster Inc., the famed dictionary company. Yet for many Springfield children, learning to read is a challenge. Sixty percent of the city's third graders read below grade level, according to the 2011 Massachusetts Comprehensive Assessment System (MCAS), thus missing a critical benchmark that strongly predicts later success.

"Where is the outrage?" asks local philanthropist John Davis, who steered the Irene E. and George A. Davis Foundation to build on Springfield's existing networks of collaboration and mobilize stakeholders to launch *Read!* The ambitious campaign aims to have 80 percent of Springfield's third graders proficient in reading by 2016.

Photograph: O'Brien Advertising, courtesy of Square One Inc.

Photograph: O'Brien Advertising, courtesy of Square One Inc.

Why Third Grade?

Three-quarters of children who struggle with reading in third grade will continue to struggle, a 1998 study indicates, substantially reducing the likelihood that they will finish high school, pursue post-secondary education, or contribute to the state's knowledge-based economy.[1] A 2011 study finds that third-graders who read below grade level are four times less likely to finish high school by age 19 than proficient readers.[2]

The MCAS statistic bodes ill for the future of this city of 112,000, where major employers like MassMutual Financial Group and Bay State Medical Center depend on a pipeline of skilled, well-educated workers. Almost 85 percent of students in Springfield's public schools, the state's second-largest district, are low-income, and only 53 percent finish high school in four years. Other demographics: 39 percent of Springfield residents are Hispanic, 37 percent white, 20 percent black, and 2 percent Asian.

"I was in manufacturing for 35 years," says Davis, the former chairman and chief executive officer of American Saw & Manufacturing. "I saw people interviewed who looked like potentially good candidates. We gave them quick eighth-grade math and reading tests. I saw high school graduates who couldn't pass. One of the reasons you have all these problems is you didn't do the early work."

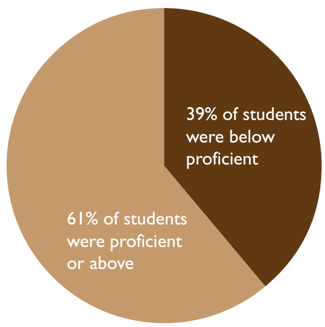
The issue reverberates statewide. Despite leading the nation on many educational measures, 39 percent of Massachusetts third graders read below grade level, according to the 2011 MCAS, and the state posts a wide and persistent achievement gap. Among children from low-income families, 60 percent lag in reading.

By their third birthday, low-income children, on average, have vocabularies half the size of affluent peers. Children's vocabulary in kindergarten has a correlation with their 10th grade reading scores.[3] In addition, low-income children who attend high-quality early education programs are 30 percent more likely to finish high school and twice as likely to attend college.[4] They command greater incomes as adults and are less likely to abuse drugs or alcohol or be incarcerated. Taken together, these outcomes lead Nobel laureate James Heckman and other economists to estimate a 10 percent to 16 percent return on investing in young children.[5]

"At a lot of meetings I go to in the community, public safety is the number one issue and then economic development," says Joan Kagan, president and CEO of Springfield's Square One early-education and after-school programs. "Early education, which includes early literacy, is certainly not a silver bullet, but it's a strategic point of intervention. We must start to redefine education. … Education takes place on a 24/7 basis, and everyone has an obligation to participate in the education of all citizens."

The issue is gaining traction nationally. Two-thirds of fourth graders scored below proficient in reading on the 2009 National Assessment of Educational Progress. Even in top-performing Massachusetts, a sobering 53 percent did not meet NAEP's proficiency benchmark. The national Campaign for Grade Level Reading has engaged more than 70 foundations to focus their giving on improving third-grade outcomes. "More than half of low-income kids do not graduate from high school," says campaign

Many Masschusetts Third Graders Lag in Reading
2011 MCAS



Source: Massachusetts Department of Elementary and Secondary Education 2011 MCAS scores

Chart courtesy of Strategies for Children Inc.

organizer Ralph Smith, executive vice president of the Annie E. Casey Foundation. "What is the inflection point? A research-based approach led us to grade-level reading at the end of third grade."

Read!

Read! brings momentum and a shared focus to a broad array of initiatives by Davis and others. These include the public schools' systemwide focus on literacy, emphasizing the third grade benchmark, and a promising place-based initiative for children (birth to 9) and their families in two public-housing developments. A groundbreaking 2010 memorandum of understanding between the school system and the state's Department of Early Education and Care aimed at aligning community-based early-learning programs with the public schools has led to regular collaboration and joint professional development.

The Hampden County Regional Employment Board—recognizing the link between the quality of early-childhood-education workers and outcomes for the young children who comprise the future labor pool—helps early educators pursue college degrees and other credentials. Springfield is the nation's largest Reach Out and Read "bookend" city, enlisting all pediatric providers to give books to children, age 6 months to 5 years, and to talk to parents about the importance of reading aloud.[6]

As one of six school districts in the country to receive a Closing the Achievement Gap grant from the NEA Foundation, Springfield uses part of its $1.2 million award to expand an elementary school home-visiting program. Local English- and Spanish-language media run tips for parents.

The June 2010 report "Turning the Page: Refocusing Massachusetts for Reading Success," commissioned by Massachusetts-based Strategies for Children, provides a framework for the Springfield campaign. In the report, Nonie Lesaux, a nationally recognized expert at the Harvard Graduate School of Education, focuses on children's language and literacy development from birth to age 9 and makes recommendations on program design and implementation, curriculum, assessment, professional development, and family and community engagement. Lesaux's ongoing work informs both Read! and An Act Relative to Third Grade Reading Proficiency, a bill introduced in Massachusetts in January 2011.

Springfield shows signs of incremental progress. In 2009, 64 percent of third graders were not proficient readers, compared with 60 percent in 2011. Superintendant Alan Ingram credits Read! with helping set "higher expectations for students, schools, families and the community; better collaborations across organizations and various segments of the community; and measurable gains."

Springfield's Edward P. Boland School overlooks the John L. Sullivan public housing development. Boland launched a concerted effort on reading comprehension in 2009, and teachers conduct weekly grade-level meetings in a room lined with charts following student performance. Each classroom has colorful charts monitoring progress, with children identified only by alias or number. "Data," says Principal Thomas O'Brien, "will drive instruction."

The school and Sullivan participate in Talk/Read/Succeed! (a Read! initiative funded by the W.K. Kellogg Foundation, Davis, and others), which includes John I. Robinson Gardens public housing and Hiram L. Dorman School. T/R/S aims to work with expectant parents and the families of all children between birth and age 9 in the two developments. It brings together the schools, the Springfield Housing Authority, the Springfield Education Association, the Regional Employment Board of Hampden County, Pioneer Valley United Way, and the Hasbro Summer Learning Initiative.

An initial needs assessment found that 58 percent of children under 6 in Sullivan and Robinson were not enrolled in an early childhood program, and 80 percent of children 6 to 10 did not attend summer programs. Three-quarters of parents were interested in services. Now teachers from both schools conduct home visits, and parent-education classes stress building children's language skills. The oversubscribed summer program T/R/S launched for children entering kindergarten through fourth grade produced strong results. Of 48 participating children, 36 gained one or two levels on a highly regarded reading assessment.

The road ahead remains difficult. Once efforts demonstrate effectiveness, they must be sustained and brought to scale. "We've got to pull in more people. As generous as the Davis Foundation is, we're a drop in the bucket," says Davis Executive Director Mary Walachy. "You've got to create the outrage."

Irene Sege, *director of communications for Boston-based Strategies for Children, blogs at EyeOnEarlyEducation.org.*

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by Charles D. Hammerman
Disability Opportunity Fund

iStockphoto

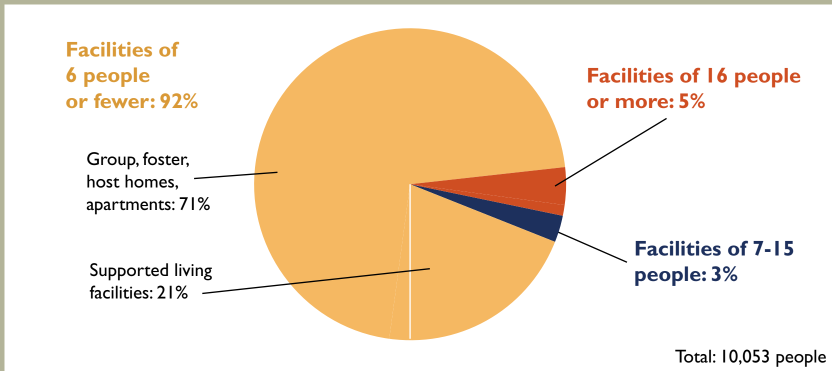
The Disability Housing Market in New England

This year marks the 45th anniversary of the photographic essay *Christmas in Purgatory*, by Boston University Professor Burton Blatt.[1] Its 70-plus photographs depict the deplorable conditions that New York and Massachusetts state officials at that time considered "normal and acceptable" for their citizens with intellectual and development disorders (I/DD). And it galvanized public officials.

By 1973, U.S. legislators had passed the Vocational Rehabilitation Act to develop ways to empower people with disabilities who wanted to live independently. The Americans with Disabilities Act (ADA) and the Cranston-Gonzalez National Affordable Housing law were passed in 1990. But despite progress, a coherent public policy that addresses the housing needs of people with disabilities does not yet exist.[2]

Although New England states have been proactive in reducing or eliminating problematic state-run institutions, factors such as longer life expectancy, an aging baby boom population, and increased cases of Autism Spectrum Disorder present new challenges. The challenges need attention *now*. Current economic conditions and shortfalls in state budgets are threatening the successes of the last 45 years.

Out-of-Home Placements, 2009
Maine, New Hampshire, Rhode Island, Vermont



Source: D. Braddock, *State of the States in Developmental Disabilities* (Boulder, Colorado: Coleman Institute for Cognitive Disabilities, 2010, preliminary).

Regional Progress

Christmas in Purgatory launched a trend to allow Americans people with disabilities to live in their communities and receive any necessary services there. As of 2009, there were 586,932 individuals with intellectual and/or developmental disabilities (I/DD) in placements not their home throughout the United States.[3] Of those, 438,767, or 75 percent, were living in settings of six persons or fewer—in group homes, foster homes, host homes, and supported-living arrangements. Approximately 10 percent were living in facilities of seven to 15 residents. Fifteen percent were living in larger facilities, including nursing homes, private entities, and state institutions. But it remains a concern that 38 percent still reside in large, state-run institutions.

When compared with other regions, New England has been more progressive in deinstitutionalizing. As of 2009, there were 11 states with no state-operated I/DD institutions. Four are in New England (Maine, New Hampshire, Rhode Island, and Vermont). In fact, out of a population of 4.3 million people, those four states had barely 10,000 people with I/DD in any out-of-home placement. (See "Out-of-Home Placements, 2009.") More than 92 percent were residing in settings of six people or fewer. Less than 5 percent were living in nursing homes or private facilities of 16 or more people, much better than the nationwide average of 15 percent. For settings with seven to 15 people, the average rate in New England is 3.5 percent, whereas the U.S. average is 10 percent, Illinois 31 percent, New York 29 percent, North Dakota 22.4 percent, and South Dakota 22.3 percent.

Another barometer of how invested states are in addressing the needs of people with I/DD is the fiscal effort, a state's spending for I/DD services per $1,000 of total statewide personal income. As of this writing, Maine ranks first in fiscal effort, spending $8.30 per $1,000; Connecticut ranks third nationwide ($7.76); Rhode Island is tenth ($6.35).

Community-based housing is less expensive than institutional care.

In 1999, the U.S. Supreme Court handed down a decision citing the unlawful confinement of disabled persons as a violation of the ADA.[4] Not long after, the federal government increased its funding of the Home and Community Based Services (HCBS) Waiver Program from approximately $7.6 billion in 1999 to $14.8 billion in 2009—allowing HCBS to improve its support of Medicare and Medicaid services for people with disabilities. Meanwhile, the amount of spending on institutional settings decreased.

The New England region has embraced the HCBS Waiver Program. Of the top five states in the country with the most spending per capita of federal and state waiver dollars, three are in New England: Maine ranks first ($230 per capita); Rhode Island is third ($214); Vermont is fifth ($205). The average spending in the United States is $78 per capita, with three of the more populous states spending less than a quarter of those in New England (California, $52; Florida, $4; Texas, $28).

Today's Challenges

The coming decades will witness a tremendous increase in demand for residential services. Whether it is the baby boom population (an estimated 71 million over age 65 by 2030) or the number of Americans diagnosed with Autism Spectrum Disorder (currently more than 1 million), states will need to decide how to allocate funds.[5] And New England will have to reconcile the increased demand with the double-digit budget gaps seen in 2010.[6] The task is especially challenging given the likelihood of less federal support.

The time is right for new spending models. The Disability Opportunity Fund (DOF) offers one approach. It differs from most housing initiatives today, which tap an unintuitive patchwork of private and public entities. In 2007, the DOF became a community development financial institution (CDFI) and began to work with other CDFIs on pulling together finance, community outreach, and technical assistance to create affordable housing for people with disabilities.

Incorporating advocacy with lending has already achieved results in this previously overlooked market. Collaborations with existing CDFIs and mainstream financial institutions—as well as with government agencies at all levels—have made it possible to develop housing that meets the needs of both individuals and families.

An example is "The Cottage" in Darien, Connecticut (TCID). The families of the residents worked together for nine years to bring to fruition this six-bedroom, supportive-housing project. The creative collaboration included the Town of Darien (which offered to lease the land to TCID for $1/year for 80 years), the parents who incorporated TCID as a not-for-profit organization and proceeded to use outreach to the community to raise funds for the down payment, the State of Connecticut (which agreed to pay about $500,000 per year for support staff and operating expenses), and DOF and Leviticus Fund (both of them CDFIs), which offered flexible financing to build the home.

In early 2009, the lenders provided a five-year term, interest-only, balloon-payment construction loan of $685,000 with no prepayment penalty. Three exit strategies were weighed: (1) TCID would continue to raise funds and pay off the principal within the five-year period; (2) at the end of the five-year period DOF and Leviticus would roll the loan over into a new loan; or (3) the lenders would help TCID convince a mainstream financial institution to refinance the loan with longer terms. In May 2011, TCID closed on a 10-year mortgage with a conventional bank and repaid its loan to the two CDFIs—three full years ahead of schedule.

The most important public policy idea that the TCID experience highlights is that residents with disabilities can be the "owners" of their homes, rather than the State of Connecticut or a service provider. Although residents' names are legally not on the deed, they are owners in the sense that they control their fate. The service provider is a contractor paid to work in the house, much like the plumber or electrician. If providers do a great job, they stay. If not, they are fired and another service provider is brought in. The revolutionary concept upends the notion of having residents live in a bed owned by someone else. They live in their own home, in the community. The parent-driven, multifunded TCID project enables six residents to live alone, rather than with family or in adult foster care. It is one example of what can be done.

More is needed. Forty-five years after *Christmas in Purgatory*, challenges remain in providing safe, affordable, and accessible housing solutions for people with disabilities and their families. Forty-five years ago the country saw photographs of the wrong way to plan for the future. Since then we have recognized the benefits that community-based living has for everyone involved: for people with disabilities, who deserve to live with the rest of society; for their families, who need to know their family member will have good opportunities when they can no longer provide care; and for society in general since community-based housing is less expensive than institutional care. The Cottage in Darien is one of a number of excellent models from which to choose, but paying for new models requires ingenuity. All that should guide the future is choosing the just and humane path.

Charles D. Hammerman *is the executive director of the Disability Opportunity Fund, based in Albertson, New York.*

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Photographs: Julie Weinstein, Federal Reserve Bank of Boston

Successful Development of Local and Regional Food Systems

The New England Story

by Jeffrey O'Hara
Union of Concerned Scientists

New England is associated with independence, self-sufficiency, resourcefulness, and a strong work ethic. Thus it is unsurprising that the local and regional food systems that have emerged in recent years have arisen through grassroots efforts. Led by entrepreneurs, community organizers, farmers, and advocacy organizations, New England food markets have generated employment and income in rural communities.

Among the ongoing reasons to seek improvements in the dominant food system is the need to reduce energy consumption: the system accounts for 16 percent of the country's energy use.[1] Moreover, it is thought to be responsible, at least in part, for the overconsumption of unhealthful processed foods and the growing obesity rate, which has serious consequences for individuals and high costs to society. Now consumers are buying locally not only because they want to purchase healthful, fresh, and sustainably produced food, but also because they like the idea of supporting local business, interacting with farmers, and learning more about what they eat.

Local food is sold primarily through direct-marketing channels. In 2007, for example, New England farmers sold directly to consumers food products worth $135 million.[2] A significant percentage of those sales occurred in the region's 654 farmers markets and 555 community-supported-agriculture (CSA) networks.[3] Twenty-two percent of farmers in New England were engaged in such direct sales, compared with only 6 percent in the United States overall. And New England's direct agricultural sales constituted 11 percent of such sales nationally.

"Food hubs" that accommodate greater local-food sales are also appearing in New England. Many are coordinating supply-chain logistics for locally and regionally produced food by storing, lightly processing, and packaging it before sale. Examples include the Intervale Food Hub in Burlington, Vermont, and Red Tomato in Canton, Massachusetts.

Benefits of Local Food Systems

Among the benefits of local food systems are nourishing-food access and agriculture-related jobs.[4]

Food Access

"Food deserts," or communities that lack access to fresh, healthful food, present a particular challenge for low-income people. Recently, recession-related economic hardship has exacerbated the access issues. Research from the U.S. Department of Agriculture shows, for example, that the 2007-2009 annual average of Maine households experiencing food insecurity was 15 percent. The rate was almost 14 percent in Rhode Island and Vermont.[5] In Massachusetts, the City of Boston recognized the seriousness of increasing food insecurity and hired its first food-policy director in 2010. The position promotes accessibility to fresh foods, particularly in low-income neighborhoods. At the same time, it supports community-based gardens and local farmers who sell products at farmers markets, public markets, and the like.

Employment in Rural Regions

Local and regional food systems also can increase employment, incomes, and economic output in rural communities. In New England, they support critical agricultural sectors, including dairy products, apples, potatoes, blueberries, and cranberries. One example, Backyard Farms in Madison, Maine, grows tomatoes year-round in a 42-acre greenhouse and sells them regionally.

Farmers selling through direct-to-consumer marketing channels tend to be younger farmers with small farms offering an array of products in addition to fruits and vegetables. Many adopt environmentally sustainable production practices, such as organic growing. Farmers often can earn greater profits by selling through local food systems and avoiding the marketing costs associated with selling to a wholesaler in the dominant, consolidated food system. And they like the opportunity to interact with consumers and hear their invaluable feedback.

Selling directly to customers—as opposed to purchasing food through conventional food markets—can result in greater economic benefits to a region because a greater percentage of the sales revenue is retained locally. Indirect economic effects also accrue when farmers turn to local suppliers for the equipment and other inputs they need. Such direct and indirect effects increase incomes in households, which results in additional commerce.

For fruit and vegetable producers who offer relatively scarce and unprocessed goods, local and regional food systems provide a new opportunity to reach customers. For consumers, there are significant health benefits from increased fruit and vegetable availability. And for the environment, a shift to less processing of foods means lower energy use.

Other positive economic effects spill over when farmers markets attract shoppers to centralized business areas and neighboring businesses attract new patrons. Having a structured, organized gathering place also can promote civic engagement and foster stronger connections among urban and rural populations. Many farmers markets offer additional public services: providing a place for low-income residents to use subsidies for purchasing fresh produce, sending leftover but good produce to local food banks, composting, hosting health sessions, or disseminating nutritional information and related materials. Finally, selling food through direct-marketing channels can increase business innovation and entrepreneurship. By selling at farmers markets, many vendors have expanded their existing product lines. They also have developed their mailing lists, made new business contacts, and improved their customer relations and their merchandizing and pricing skills.[6]

For consumers, there are sometimes cost savings, too. A recent Vermont study found that, at least during peak growing season, some conventional food products and most organic food is cheaper at farmers markets than at grocery stores.[7]

Legislation and Implementation

Local food systems are important to the region, as evidenced by the fact that five New Englanders currently serve on agricultural committees in the U.S. Senate and House of Representatives. Recent legislation in support of local food systems includes the Child Nutrition Reauthorization, which allocated $40 million in mandatory funding

New England food markets have generated employment and income in rural communities.

over eight years to help schools and nonprofits to implement farm-to-school programs.

Critical programs that support local and regional food systems were also authorized in the Farm Bill, an omnibus bill, dictating U.S. food policy.[8] Important programs in the bill, scheduled to expire in 2012, include nutrition programs that offer financial assistance to low-income individuals to purchase fresh fruits and vegetables at farmers markets and other retail outlets. They also include marketing programs that assist farmers-market managers and administrators with establishing and maintaining the markets—and rural-development programs that invest in enterprises and infrastructure needed for local and regional food systems. The support is available for purposes such as slaughterhouses and dairy-bottling facilities. Or it may be used to help market, label, or produce value-added products, which in New England might include artisan cheeses, maple syrup, ice cream, and Maine lobster.

Local and regional food systems require local coordination to implement. Because extensive outreach and research are needed, some regions have developed food plans that document the networks, relationships, coordination, and infrastructure necessary for local and regional food systems to function. The work of Food Solutions New England, a collaborative project initiated by the University of New Hampshire, is an example. Food Solutions has been working to develop capacity to support the integration of local and regional food products into local markets and make the food accessible for families.

Local and regional food systems are one more way that New England's ingenuity can foster civic engagement and promote community economic development. And agriculture policy, if appropriately structured, can provide employment opportunities for the next generation of farmers.

As of this writing, Congressional efforts to reduce the large federal budget deficit are suggesting that the next Farm Bill will be smaller than the previous version. Some important local-food programs will expire unless reauthorized. The focus needs to be on supporting targeted investments that can increase regional employment, income, and output. Fostering capacity among local governments, businesses, foundations, and entrepreneurs to promote local and regional food systems in New England also can help ensure a healthy future.

Jeffrey O'Hara *is an agricultural economist at the Union of Concerned Scientists. He is based in Washington, DC.*

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Neighborhoods: *Foreclosure's Silent Victims*

A property I will call 5 Wendell Way is a two-family house on a dead-end street in a diverse middle-class neighborhood of Boston. The lender foreclosed on it in 2006.

For several years, I watched from my house across the street as the property sat empty and fell into disrepair. After it was vacated, youths from the neighborhood started partying in the house. In response, city officials came around and nailed up large plywood covers on the first-floor windows.

The action was part of an initiative meant to stop vacant properties from becoming crime sites. Unfortunately, it was easy to take the boards off with a screwdriver, and people did. Additionally, an elderly drunk took up residence under the porch of the house, coming and going over the summer months. Break-ins increased all along the block. The grass grew long. The snow on neighborhood streets was left to pile up. And people from other parts of the city saw the area as a good place to let their dogs run loose.

The house sat empty and dark every night for five years. It needed increasing amounts of maintenance, new shingles, roof work. But no one took responsibility for the building's condition or the impact on the neighborhood.

Legal Limbo

It turns out that the house had entered legal limbo. That happens when the foreclosure process is not completed because the process itself is defective or because lenders don't have the documents they need to lawfully foreclose. In such situations, the borrower, who has usually vacated the property long since, still holds the title. But neither the lender nor the borrower takes responsibility for the property. Properties can sit in legal limbo for months or even years. The damaging effect on neighborhoods is not often adequately recognized.

A mortgage servicer I'll call Allstar Funding Corporation foreclosed on 5 Wendell Way and bought the property at the foreclosure auction. However, according to the real estate agent who listed the property for Allstar, the foreclosure was invalidated in 2008 because of defects in the process. As a result, Allstar never took title and thus had no responsibility for the property.

In April 2010, Allstar finally completed the foreclosure of 5 Wendell Way and purchased the home at the foreclosure auction. By late summer 2010, an investor had bought the property from Allstar, rehabbed it, and put it up for sale. The owner advertised it as two condos in an "up and coming market." By May 2011, both condos were under purchase-and-sale agreements. As of June 2011, almost five years after the property initially went into foreclosure, new residents were moving in.

"Shadow inventory" properties, a murky term referring to those properties in the foreclosure process that have not yet reached the market, number somewhere in the tens of thousands in Massachusetts alone.[1] In January 2011, there were $450 billion worth of properties in Boston's shadow inventory.[2] An additional unknown number of properties are lurking in legal limbo waiting to enter the shadow inventory. In Boston, recent city estimates suggest 238 (15 percent) of 2009 and 2010 foreclosure petitions were legal-limbo properties that finally made it into the shadow inventory.[3]

Legal limbo is often created when distressed homeowners or the banks themselves make perfectly valid challenges to the foreclosure process. In Massachusetts, a court's decision on U.S. Bank v. Ibanez increased the number of Massachusetts properties that were in legal limbo and waiting to enter the shadow inventory.

The *Ibanez* ruling involved two cases where, in the flurry of activity to securitize the original mortgages, the banks in question had not appropriately transferred title of the mortgage. The mistake meant that when the new bank attempted to foreclose on the property, it found that it did not actually have legal right to do so.[4] As a result, the court ruled that the foreclosures were invalid.

The decision in *Ibanez,* threw into question thousands of foreclosures across the state, often forcing banks to initiate new foreclosure proceedings on properties they thought they had already foreclosed on.

by Hannah Thomas
Brandeis University

Illustration: Kirk Lyttle

Moreover, in response to the *Ibanez* ruling, banks slowed down their foreclosures, and some stopped foreclosing altogether because of concerns that they did not have the documentation establishing their right to foreclose.

For families in foreclosure and their advocates, *Ibanez* was an important ruling that forced banks to exercise greater care when foreclosing on homes. But the decision has also played out in unanticipated ways. For some neighborhoods in Boston, the bottleneck created by *Ibanez* has had negative outcomes. Units of housing, both rental and owner-occupied, were thrown into limbo, no longer a part of Boston's housing inventory. Often tenants and owners of these properties had already been evicted by mortgage servicers, leaving the buildings vacant. Properties in legal limbo couldn't move into new ownership. Some sites saw increased criminal activity. Properties fell further into disrepair. No one was taking responsibility for looking after the property and doing basic maintenance.

What About the Neighborhood?

The end result has been that attempts to slow the foreclosure process down and challenge illegal foreclosure actions have damaged properties and their neighborhoods. Lawsuits focus on individual cases and individual remedies to those cases without examining the implications more generally for neighborhoods. For example, *Ibanez* put thousands of properties into legal limbo across the state. Such homes are often vacant because servicers offer cash for families to leave the foreclosed house or because homeowners think they have really lost their homes to foreclosure and just leave without compensation. Whatever the reason, once borrowers or tenants move out, they no longer take responsibility for maintaining the property. At the same time, without a completed and lawful foreclosure and sale, no one else has any obligation to keep up the homes.

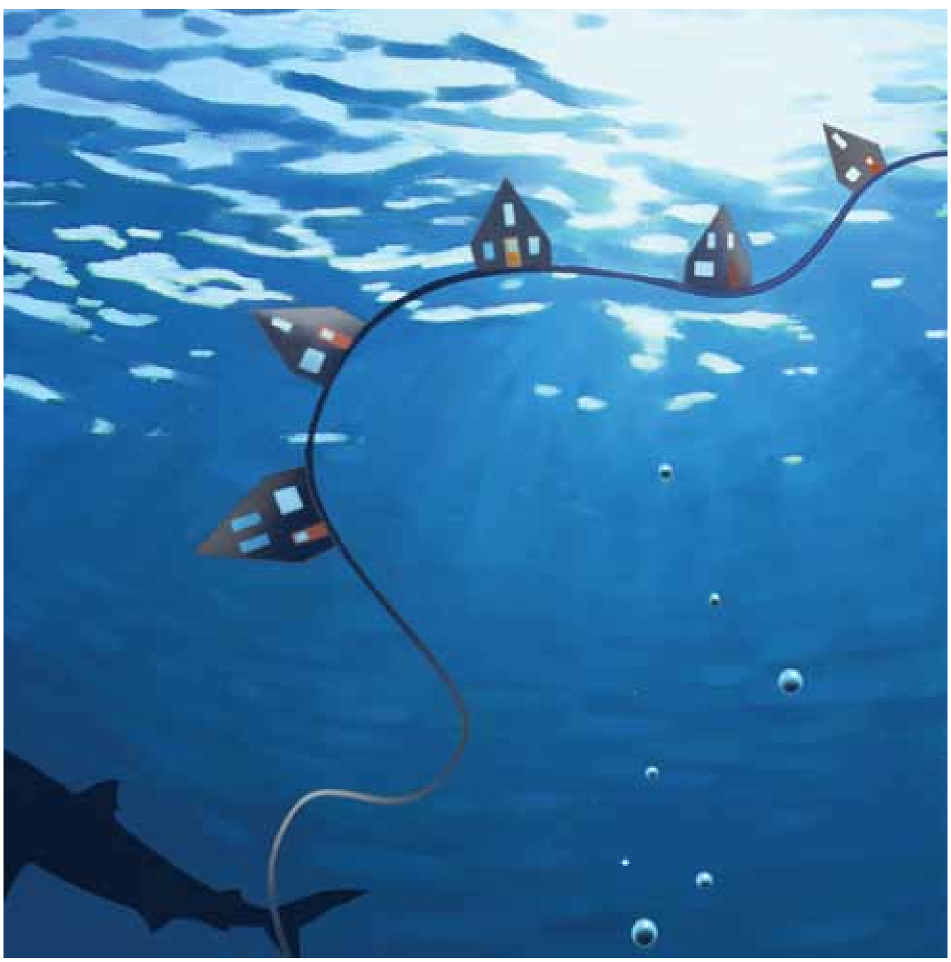
Neighborhoods and property neighbors are interested parties in foreclosure actions, but they nevertheless have no rights. The parties responsible for incomplete foreclosures (servicers, lenders, and law firms) are never required to pay for the damage they have caused to neighborhoods. They do not pay compensation to the city for managing the costs associated with vacancy and increased

Neighborhoods are interested parties in foreclosures, yet they have no rights.

crime. Likewise, neighbors whose property has depreciated—and who may work alone or with neighborhood associations to reverse the blight—are never reimbursed for the cost that wrongful foreclosures impose on them.

Cleveland is one city that attempted to recover the costs of the lending cycle that led to so many foreclosures and devastated neighborhoods. The city filed a public nuisance case in 2008 against 21 lenders. But in March 2011, the Supreme Court dismissed the case.[5] If the Cleveland case had developed further, it might have documented the monetary value of damage inflicted on neighborhoods and cities as a result of predatory mortgage lending and foreclosures. As it stands, the question remains unanswered by the courts or by federal and state legislatures.

To fairly address the negative consequences of poorly executed foreclosures and to protect both homeowners and neighborhoods, the courts, attorneys general, and prosecuting lawyers need to figure out how to include neighborhoods as secondary victims of improper foreclosures. The Ibanez case provides some concrete evidence of the unanticipated impact on neighborhoods and cities when servicers and lenders are not accountable for the full panoply of harm their actions have caused. Legal redress for neighborhoods as well as homeowners is an avenue worth exploring.



Hannah Thomas *is a research associate and doctoral candidate at Brandeis University's Heller School in Waltham, Massachusetts.*

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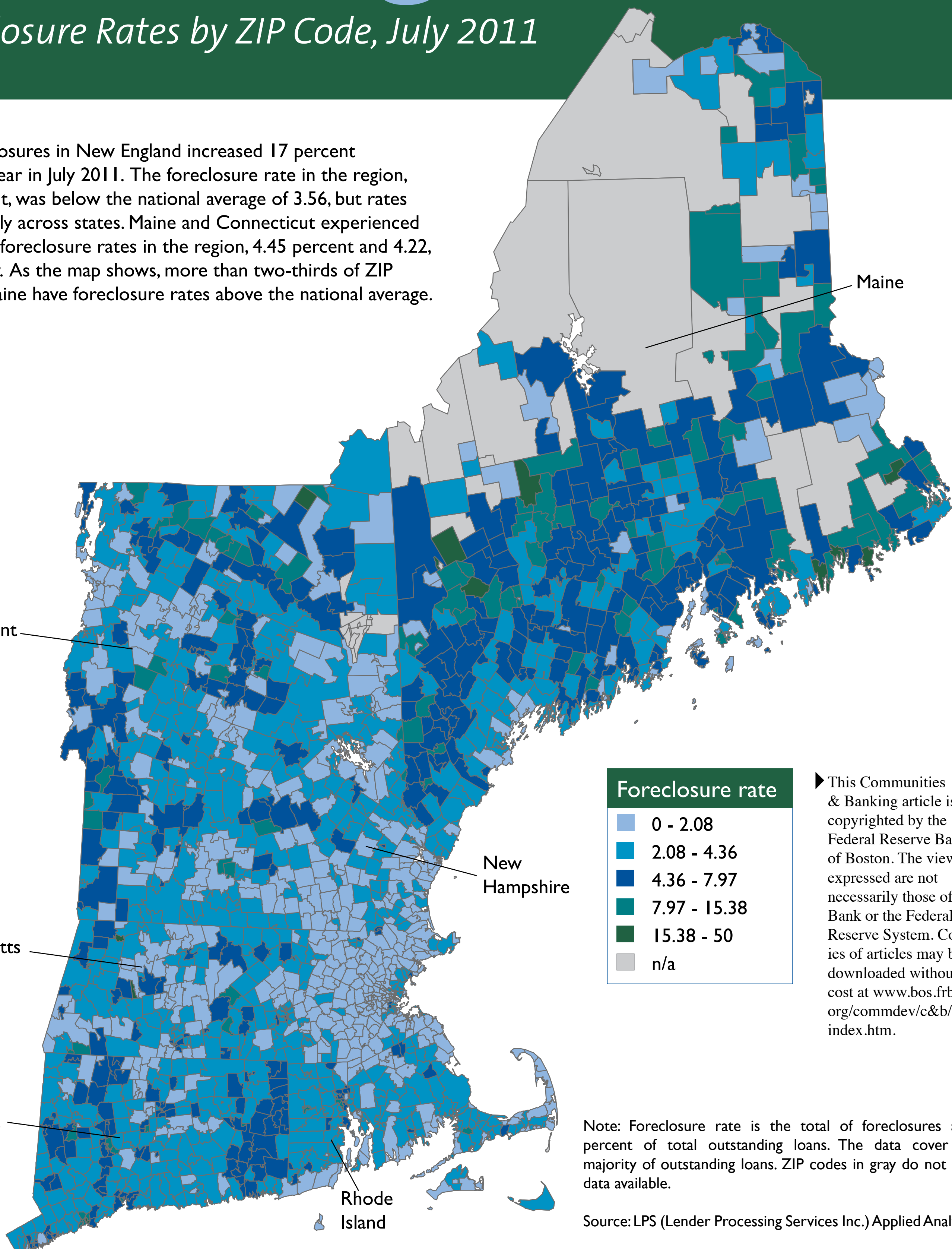
Mapping New England

Foreclosure Rates by ZIP Code, July 2011

Ana Patricia Muñoz
Federal Reserve Bank of Boston

Total foreclosures in New England increased 17 percent year over year in July 2011. The foreclosure rate in the region, 2.94 percent, was below the national average of 3.56, but rates varied widely across states. Maine and Connecticut experienced the highest foreclosure rates in the region, 4.45 percent and 4.22, respectively. As the map shows, more than two-thirds of ZIP codes in Maine have foreclosure rates above the national average.



Note: Foreclosure rate is the total of foreclosures as a percent of total outstanding loans. The data cover the majority of outstanding loans. ZIP codes in gray do not have data available.

Source: LPS (Lender Processing Services Inc.) Applied Analytics

Lead Exposure and Academic Performance

iStockphoto

by Jessica W. Reyes, Amherst College

Children today are exposed to numerous environmental toxins, and a large body of research indicates that these toxins can substantially damage their health and development. One particularly insidious toxin, lead, has been aggressively targeted by U.S. public policy. How has society benefited from the public health efforts on lead? More specifically, can we see improvements in children's cognitive performance as a consequence of their lessened exposure?[1]

Lead and Policy

Although lead is extremely useful in improving the performance of paint, gasoline, and plumbing, it is also dangerous. Extensive evidence indicates that even moderate exposure in childhood can have long-lasting adverse effects on an individual's neurological development, behavior, and cognitive performance.[2] Happily, lead is one of the great success stories of environmental and public health policy. At the national level, it was removed from paint and gasoline in the 1970s, yielding broad reductions in lead levels across all ages and demographic groups.[3] At the state level, public health campaigns have systematically reduced exposure for children in many places.

Massachusetts has been at the forefront of these efforts. Since the 1970s, the Massachusetts Childhood Lead Poisoning Prevention Program (CLPPP) has overseen the mandatory lead screening of all children under the age of 6, the provision of appropriate medical and environmental services to affected families, and the implementation of policies aimed at eliminating sources of lead exposure. These endeavors have drastically reduced levels among Massachusetts children, so that in recent years less than 1 percent of screened children have exhibited elevated lead levels.

Given what we know about the levels at which lead affects child development, it is likely that the low and moderate levels that were common in the 1990s in Massachusetts would have impaired children's cognitive performance. Accordingly, it is plausible that lead policy had measurable effects on academic performance as children born in the 1990s grew up in the 2000s.

Less Lead, Better Scores

Using data from Massachusetts in the past two decades, I studied the link between lead exposure in early childhood and academic performance in elementary school. The dataset was constructed from blood-lead data collected by the CLPPP and test-score data collected by the Massachusetts Department of Elementary and Secondary Education. The sample included nearly all children who were born between 1991 and 2000 in Massachusetts and who attended public elementary schools in the state between 2000 and 2009. The approximately 700,000 children were grouped into school-cohort groups by the elementary school they attended (out of approximately 1,200 in the state) and by their age cohort. Measures of each group's early-childhood lead were constructed from measurements of individuals' blood lead. Measures of each group's elementary-school academic achievement were constructed from individuals' scores on the Massachusetts Comprehensive Assessment System (MCAS) in the third and fourth grades.[4] The data included numerous controls for characteristics of the schools and communities.

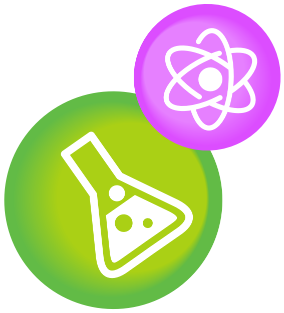
Can we see improvements in children's cognitive performance as a consequence of lessened lead exposure?

The results support the hypothesis that childhood lead exposure adversely affects academic performance and that policies targeting lead had substantial benefits. First, there is a strong cross-sectional relationship between early-childhood lead levels and elementary-school test scores. Towns where children have higher lead levels tend to have lower MCAS scores. Moreover, a comparison of relative changes over time reveals that, for the most part, schools whose student population experienced larger decreases in lead exposure in the 1990s also experienced larger increases in MCAS scores in the 2000s.

Since characteristics of towns or schools could be driving some of these relationships, it is important to control for factors such as school spending, the share of low-income students, the town's per capita income, and its demographic composition. Panel data analysis that included such controls also yielded strong results: the share of a group with elevated blood lead had a statistically significant positive effect on the share of that group scoring unsatisfactory on the MCAS in both English Language Arts and Mathematics.

In the fully controlled specification, a 1 percentage point increase in the share of children with lead above the Center for Disease Control's level of concern (a technical measurement of 10 µg/dL, 10 micrograms per deciliter) was associated with an increase of 0.2 percentage points in the share of that group getting an unsatisfactory score. For higher lead levels, the effects were larger: a 1 percentage point increase in the share with lead above 20 µg/dL was associated with a 1 percentage point increase in the share of that group scoring unsatisfactoryily. Thus in a group of 100 children, the movement of one child's lead level past the 20 µg/dL mark causes one child's performance level to fall below satisfactory. So school cohorts that include more children with elevated blood lead in early childhood also include more children who score unsatisfactory, even removing the influence of other determinants that might be associated with lead levels.

To understand what this means for Massachusetts, I performed several straightforward simulations.[5] The exercises indicated that public health policy was responsible for modestly reducing unsatisfactory test



performance statewide. In the 1990s, policy reduced the share of Massachusetts children with blood lead levels above 10 µg/dL from 11 percent to 3 percent. That decline is estimated to be responsible for a 2 percentage point decline in the share of children scoring unsatisfactory on the MCAS. When considered relative to the fact that approximately one-third of children score unsatisfactory in any given year, this amounts to an approximate 5 percent reduction in unsatisfactory performance. That reduction is equivalent to the performance improvement that would have been associated with an across-the-board increase in income per capita of $1,000-$2,000.

Moreover, simulations that separate communities by income indicated that lead policy also was responsible for reducing achievement gaps between low-income and middle-income communities. That can be seen by comparing the effects of lead policy with the effects of tax or spending policy that would increase family income in low-income communities. To achieve—without the 1990s decline in lead—the same "time path" of test-score performance that was seen over the sample period, per capita income would have had to go up by 15 percent for low-income communities. By closing the lead gap, lead policy achieved test-score improvements similar to what would be achieved by closing one-fifth of the income gap between low- and middle-income communities.

Policy Lessons

Studying lead and academic performance in a state that has significantly reduced children's blood lead levels has confirmed that lead does adversely affect academic performance and that the societal impact of aggressive public health policy is significant. Furthermore, the benefits appear to be a bargain. Annual government spending on lead policy in Massachusetts is currently less than $5 million—several orders of magnitude smaller than annual government spending on education in Massachusetts. The results suggest that public health policy not only has been effective in improving academic outcomes and reducing inequality, but also has been relatively frugal. Continuing research will employ individual-level data to identify these effects better and will employ a more comprehensive benefit-cost analysis of lead policy in the context of broader social policy.

One lesson to take from the research is that policymakers concerned with improving academic outcomes may want to broaden their view, looking beyond traditional education policies to consider other environmental and public health policies that can dramatically alter children's cognitive and social development. A growing body of research has yielded diverse evidence that early-childhood influences and events can have long-lasting effects on individual outcomes.[6] By focusing additional efforts on actionable early-life influences, policymakers may be able to take advantage of early high-yield interventions.

Jessica W. Reyes *is an associate professor of economics at Amherst College and a visiting scholar at the New England Public Policy Center of the Federal Reserve Bank of Boston.*

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3 Blood lead concentrations are measured in micrograms per deciliter, or µg/dL. The U.S. Centers for Disease Control and Prevention has set 10 µg/dL as the "level of concern." However, the current consensus in the public health community is that no level of lead is safe. There are proposals to lower the level of concern to as low as 2 µg/dL.

4 It was not possible to link individual children over time, so the lead profile of a school-cohort group is drawn from lead measures of children in that school area and age cohort, while the test-score profile of the group is drawn from test scores of children in that school and age cohort. If children move or attend other schools, there will be some slippage between these groups. Such slippage will most likely attenuate any measured effects of lead on performance.

5 The regression results were applied to time trends in the variables of interest.

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Aging in Place

Helping Elders Remain at Home

by Jean Lawe

"My volunteers have become my surrogate family." That comment was made by a resident of senior housing in Norwich, Vermont, in referring to her Aging in Place in Norwich (AIPN) volunteers. "My children are scattered across the states, and this young family fills their shoes beautifully."

Norwich, Vermont

The 2010 U.S. Census shows that Vermont has aged almost four years since 2000. Windsor County, where Norwich is located, shows a median age of 45.8 years, whereas the median age for the United States as a whole is 37.2 years. The graying of Vermont is associated with the changing needs of its citizens, and some towns have begun to focus on amenities for their older residents. "Aging in place" is a relatively new concept, adopted by the local governments of a few towns across the nation, to offer services to elders in order to help them stay in their homes as they grow older. In Norwich, however, it was a group of private citizens who saw the need and undertook the initiative.

Norwich, a small town on the Connecticut River, has approximately 3,500 residents. It is one of the smallest of several towns within a roughly 30-mile area lying on both sides of the river and known as the Upper Connecticut River Valley. Originally, Norwich (which this year celebrates the 250th anniversary of the granting of its charter) was a farming community. Descendants of some of the early families still live there, remaining in their original houses. Today Norwich is largely a bedroom town for faculty and staff at Dartmouth College and Medical School, as well as for several small engineering and IT companies across the river in New Hampshire. Most people live in the village center, but many others live in isolated dwellings scattered up roads running into the hills and lacking close community centers, gathering places, or automatic support systems.

Although there are several choices of retirement homes and assisted-living facilities in the area for people of varied means, many elderly residents want to preserve their independence or do not have the ability to leave their current homes even if they wished to. And in the real estate market of these last few years, selling an old house may not be an option. For those who do not drive or prefer not to, there is a free bus service, supported by Norwich and surrounding towns. The bus connects the center of the village to shopping areas and local hospitals. However, many residents live far from the village center, and that poses a problem for people who cannot drive to reach the bus.

The situation faced by many seniors in Norwich attracted the attention of a group of residents who saw the need to act. Before venturing far, the group did a careful study of the services and makeup of other Aging in Place organizations. In Vermont, they looked at neighboring Thetford and Champlain Islands Developing Essential Resources (CIDER). In Massachusetts, they checked out Beacon Hill Village and Cambridge at Home. The groups in larger communities face similar but not identical challenges as Norwich. And they generally have more resources.

Aging in Place in Norwich was created in 2009. It is a nonprofit, grassroots, neighbor-to-neighbor volunteer organization that is gradually refining its offerings as it grows. Its goal is to help people—many

National Aging in Place

by Yunqi Lin, Federal Reserve Bank of Boston

Enjoying the Golden Years with health, independence, and a satisfying social life has long been a goal for seniors. A national organization called National Aging in Place Council (NAIPC) can provide some ideas on how to accomplish that. NAIPC helps elders achieve independence and safety in their own houses and can also ease their feeling of isolation. A nationwide, volunteer-based organization, it has affiliates with offerings such as exercise classes, home health care, transportation, meals, delivery of groceries, household tasks, and social events. Volunteers providing services also converse with clients and establish friendships. Exercise classes and social events lower the communication barrier and bring seniors together.

NAIPC affiliates include Beacon Hill Village in Boston and Cambridge at Home. Connecticut has Staying Put in New Canaan and At Home in Greenwich. New Hampshire has Right at Home. NAIPC also has chapters in Rhode Island and Maine. Although NAIPC is volunteer-based, members pay a membership fee annually to sustain the organization's activities. Different locations charge different amounts. NAIPC makes sure that the fee is affordable, and for those on limited incomes, NAIPC provides a discount. Aging in Place Norwich has developed independently, and at this juncture is not affiliated with NAIPC.

of whom are on limited fixed incomes—to stay in their own homes as long as practicable. The effort caters to a sense of independence and security. It also offers an affordable alternative to hiring help or moving to a service facility, which in many cases is not financially feasible. Many of the clients live in Norwich's senior housing and are glad of a little help with domestic chores.

How It Works

An important difficulty AIPN faces has been encouraging low- or moderate-income residents to request help, to overcome their natural reticence—independence being a deeply rooted New England value. One answer has been to invite people to attend neighborhood gatherings where needs and mutual support can be discussed informally. Those less active who receive help with simple home maintenance can reciprocate if they are able, perhaps by sewing or making phone calls from their home. As one such volunteer said, "It's really nice to barter our time without money being involved." Volunteers telephone ahead that they are coming, arrive in pairs, and carry IDs for the safety of all.

Photographs: Aging in Place in Norwich

AIPN sponsors a service day every month. A flyer is delivered to churches, libraries, and notice boards offering help to seniors. A list of suggested tasks and a request for volunteers are included. A notice is also posted to the town listserv. More than 70 volunteers have come forward to help those who request specific assistance. So far AIPN has a client list of about 30 recipients, and each receives help multiple times. The jobs vary enormously and include housecleaning, moving heavy objects, installing window screens, preparing a small garden plot, shoveling snow from the walkway or off the roof, pinning up a hem. These are tasks that can be done by an ordinary person who is not a rocket scientist, an electrician, or a professional computer programmer.

Every call is an opportunity to chat and provide company for the homeowner, who most often lives alone. One repeat recipient of services in her home wrote of the volunteers, "What a lovely family! They did great work and were a delight to have here. I really appreciate how you organize this event month after month. It's been a real life saver for me this year." Some volunteers "adopt" an elder, and are able to help even between service days. The helpers range in age from seniors to children who accompany their parents on visits. Recipients enjoy the opportunity to get to know members of the younger generation.

An important new offering is giving rides to nondrivers—a service that meets a critical need in a community where many people are geographically isolated and have

Every call is an opportunity to chat and provide company for the homeowner, who most often lives alone.

few public-transportation options. AIPN currently has a 12-person roster of volunteer drivers available by arrangement to take people shopping or to appointments. Again, every ride for a shut-in offers a chance for a friendly conversation on the way. A big part of AIPN's mission is to prevent a feeling of isolation in seniors who live alone. Plans are being considered for volunteer-run programs such as memoir-writing, handicrafts, bingo, and other social events, and for workshops on such topics as reverse mortgages, making a home safe for people with disabilities, and preparing advanced medical directives. Another idea is to set up a system for checking on people who would benefit from a daily or weekly phone call. A list of resources, local agencies, and professional services has been assembled as a guide for seniors.

At the moment AIPN, a 501(c)(3) organization, is financed by voluntary contributions and fundraising events. The board comprises 11 volunteers, but with growth, it may be possible to employ a staff member to receive calls, direct volunteers as needed, and answer questions. Similar organizations that AIPN researched maintain an office as well and have imposed a membership fee to cover such expenses. That may be necessary in Norwich, too. However, AIPN members are strongly committed to ensuring that no one is kept from using the services because of an inability to pay.

Jean Lawe *is a board member with Aging in Place in Norwich, Vermont. She is a former medical journal managing editor.*

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by John Giammatteo

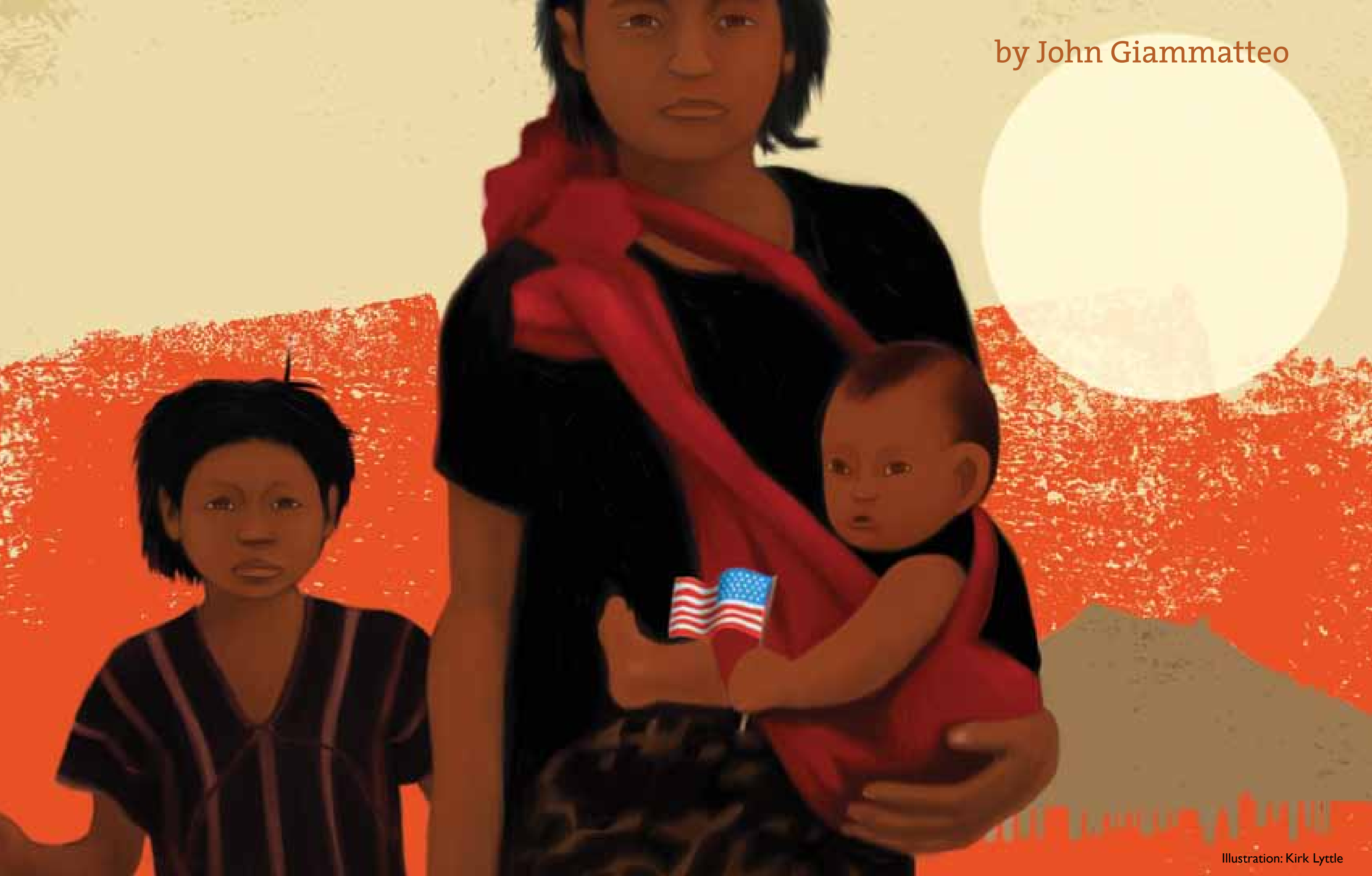


Illustration: Kirk Lyttle

From Burma to Waterbury, Connecticut

A man called So Ray Ber sits in the living room of his two-story house in the North End neighborhood of Waterbury, Connecticut. Finger paintings drawn by his sons at school hang next to his TV. Looking out his front window, the 25-year-old smiles as he thinks about the last four years he's lived in Waterbury.

"When you come here, you study and you learn what sort of things are going on in the United States," So Ray Ber says. "The life is always good here."

So Ray Ber is one of about 25 Karen refugees from Burma (also called Myanmar) who live in Waterbury. More than twice that number were originally resettled in the city, beginning in 2007. Since then, the Karen community has weathered a tough transition and an equally tough job market. The agency responsible for their resettlement lost its federal funding over its handling of the Karen people's transition to life in the United States. More than half of the original families who were resettled in Waterbury have since moved to other cities—some to the Midwest, others to the Southwest. But today, So Ray Ber and the rest of the remaining community have found stability and comfort with the aid of local community volunteers and through their own resilience.

Who Are the Karen People?

The Karen in Waterbury have fled the world's longest-running conflict, which has been fought for decades between the Karen National Union (KNU) and the Burmese government. The Karen are the second largest ethnic group in Burma, with the majority living in the Karen State, on Burma's eastern border with Thailand. Since 1949, the KNU has been fighting to establish an independent Karen State. To combat this separatist movement, the Burmese government has adopted counterinsurgency tactics that treat civilians as the enemy, burning villages and forcing villagers to resettle to areas controlled by the government. Government soldiers have also been accused of massive human rights violations. And even in government-controlled areas, forced labor, high taxes, and economic deprivation are common.

The conflict has pushed thousands across the border into Thailand, and refugee camps are scattered along the western Thai border. Since 2006, the United States and other countries have made a concerted effort to resettle the refugees from these camps to third countries. In 2007 and 2008, the nation with the largest number of new refugee arrivals in the United States was Burma. In the years that followed, it has been second only to Iraq. Of the 73,293 refugees resettled in 2010, 16,693 were Burmese.[1]

The Karen were ready to leave Thailand, where educational opportunities were limited, and people weren't allowed to leave camp or take jobs. If they did leave camp, they risked arrest and detention at the hands of Thai authorities. Although many did not know much about the United States before they arrived, they knew that third-country resettlement would provide a freedom of movement and opportunity for advancement that they would not receive in a protracted refugee situation.

Most of Waterbury's Karen population began arriving in 2007. Some ran into problems. Newspaper accounts reported that many of the Karen were resettled into an apartment building that had broken windows and a leaking ceiling. The heat was turned off at one point in November, and the building's owner was cited by the city. In addition, school officials had trouble getting Karen students vaccinated. And there was occasional nastiness: one Karen couple found human waste smeared on their apartment door; another man was told to "go back to China" by a co-worker. In time, the problems with housing and vaccinations cost the first resettlement agency its contract with the State Department.

There also were problems with getting steady employment. Many of the refugees worked at a cable factory in Torrington, about half an hour away, but work was sporadic. By December 2007, some refugees were already headed to other states, claiming that the cost of living in Connecticut was too high. Many had strong networks of friends and family who had resettled elsewhere in the country, and those who left Waterbury often joined them.

"When other people move, they hear that other states are better than Connecticut state, so they moved because of that," says Paw Mu Naw, a 29-year-old man living in Waterbury. "Or people move because their family get to another state, so they move there."

Today, only five families—about 25 individuals—remain in Waterbury. Nevertheless, those who stayed in the city are happy where they are. So Ray Ber and Paw Mu Naw now both work for a grocery store, stocking shelves on the night shift. They were hired after their boss read about the community's problems in the local newspaper. The new job offers more stability than their previous jobs in Torrington, and the work is within walking distance of their homes.

Making It Work

So Ray Ber and other Karen refugees have been able to get their driver's licenses, which makes it much easier to get around the region. But in So Ray Ber's case, obtaining a license was difficult. He took classes with a volunteer for a year, but he failed the written test, which could be administered only in English. Finally, he heard that Arizona provided an interpreter during the exam, so he flew to Phoenix, took the test, and passed. After So Ray Ber completed the process, other Karen in Waterbury went to Phoenix to take the test.

The refugees have been greatly aided by volunteers from Waterbury churches. Today, when asked who they turn to for help, some refugees still cite volunteers as their main contacts.

Throughout their time in Waterbury, the refugees have been greatly aided by volunteers from local churches, who stepped in and picked up where the resettlement agency left off. English as a Second Language classes were offered to the Karen three times a week, and still are. Volunteers would pick up refugees and drive them to the grocery store or to doctor appointments until the Karen had their own licenses. Today, when asked who they turn to for help, some refugees still cite volunteers, affectionately known by their first names, as their main contacts.

The Karen also rely on one another for help. The children play together, and the adults work together. Family members and friends often share apartment space. Lin is one example. A 28-year-old who was resettled in California in 2007, he recently moved to Waterbury to live with a friend. In California, his friends had not been able to find jobs and moved away, so he decided to try Connecticut. He plans on getting his GED and attending college and says that he wants to study either accounting or business.

The Karen community in Waterbury still faces challenges, and finances can be a problem. Another resident, Anny Paw, admits, "I think [my husband's salary is] not really enough. If it's enough, we don't have to apply to get a food stamp. But we have … to apply for a food stamp for the family." Soon after her arrival in Waterbury, she stopped working in order to raise her children, but she is hoping to start work again soon. But that may take a while. So far Anny has not been able to find work in Waterbury, and she lacks any transportation that would enable her to commute to nearby cities.

The Karen in Waterbury who have steady employment, new mobility, and a core group of devoted friends are surviving and even thriving under the great burden of exile. They are rebuilding their lives, working to increase their skills and education, and studying English during the hours they are not working. Most important, they are happy with their current lives.

So Ray Ber's oldest son now talks to him in both English and Karen. The family has traded a three-room flat in a high-rise building for the comfort of a house. So Ray Ber owns a minivan, which he drives to go fishing whenever he's not working. In the next few months, one of his brothers will arrive, and So Ray Ber hopes to return to Thailand later this year to visit another brother and convince him to join the family in Waterbury. So Ray Ber looks forward to visiting Thailand, but he plans on staying in Connecticut.

"I'd like to stay here because I have a job here in Waterbury is good. I like to stay here because I have good friends," he says. "I like to live in Waterbury because Waterbury is the best for me … I would say everything is good for me to stay here."

John Giammatteo *is a writer and researcher focusing on refugee issues. He is a graduate of Syracuse University and a 2011 Marshall Scholar.*

Endnote

[1] See http://www.dhs.gov/xlibrary/assets/statistics/publications/ois_rfa_fr_2010.pdf.

Collaborating to REVITALIZE Northern Forest Tourism

The Northern Forest region, 30 million acres of northern New York, Vermont, New Hampshire, and Maine, has reached a critical point. With changes in industry mix, land ownership, and demographics, its economic future is in doubt.

The Northern Forest

All four states promote tourism growth in their northern counties—and with good reason, as leisure and hospitality have long been economic mainstays. But with region-wide collaboration, tourism could further enhance economic vitality, benefiting struggling families and communities.

Consider some advantages:

- Scale: Tourism employs one in 10 Northern Forest workers, second only to health-care services. It directly generates about 7 percent of the region's "gross state product" (up to 10 percent with multiplier effects).[1]
- "Export" earnings: Visitors "from away" bring in several billion dollars annually.
- Growth potential: A day's drive for 70 million metropolitan residents, the region has natural attractions and host communities with underutilized capacity.
- Community contributions: The amenities that lure tourists also enrich residents' quality of life through job creation and tax revenues that sustain public services.

Past efforts to develop, brand, and market Northern Forest tourism have focused on individual states. Given strong local allegiances—to New York's Adirondacks, Vermont's Northeast Kingdom, New Hampshire's White Mountains, and the Maine Woods—four-state collaboration has not come naturally. But recent efforts to counter parochialism are shaping a common vision and strategy.

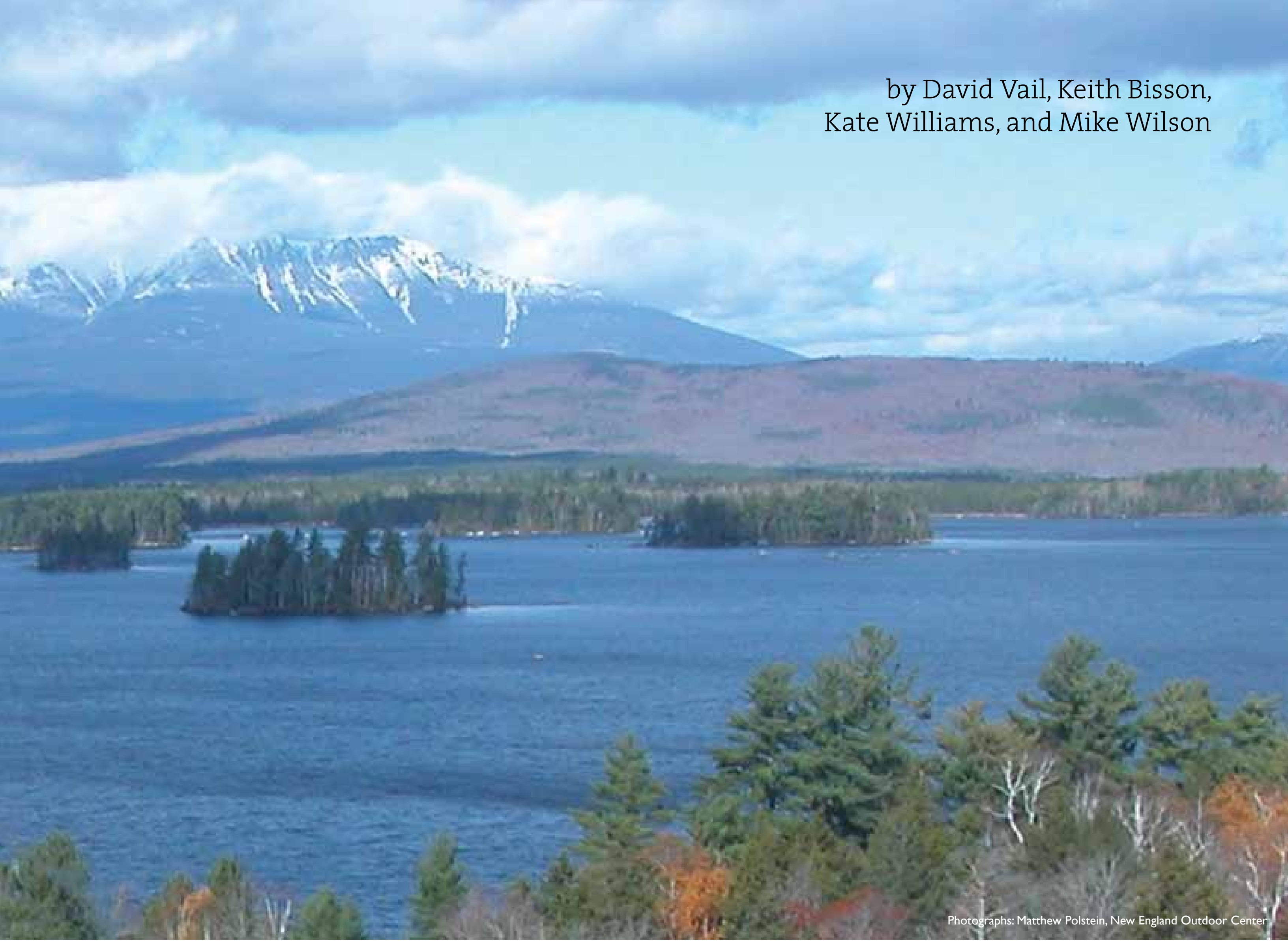
The boost is needed. Compared with "downstate" areas, the region has significantly lower per capita income, higher poverty rates, higher transfer-payment dependency, greater unemployment and underemployment, and increasing numbers of elderly. The situation is largely the result of a long decline in resource-based and manufacturing industries. In New Hampshire's forestry-dependent Coos County alone (population: 33,000), more than 1,000 jobs have disappeared since 2006.

Moreover, the trends in several tourism money-makers—hunting, fishing, snowmobiling, whitewater rafting, and alpine skiing—are flat or downward.[2] Shorter vacations for tourists, higher gasoline prices, and land-ownership changes that threaten public recreational access add to the challenges.

Additionally, tourism's seasonality and low-end service occupations mean widespread job insecurity and low average earnings. At the peak 2010 summer season, Maine's leisure and hospitality workers averaged $12.40 per hour and 26.8 work hours per week, compared with statewide averages of $19.30 per hour and 34.4 hours per week.[3] One study showed that barely 40 percent of tourism workers earned a living wage (by Maine's definition) and fewer than 25 percent received employer health coverage.[4]

The biggest challenges for the Northern Forest are better tourism jobs, and innovation in tourist destinations and products.

by David Vail, Keith Bisson,
Kate Williams, and Mike Wilson



Photographs: Matthew Polstein, New England Outdoor Center

Organizing Regional Tourism

Since 1997, the Northern Forest Center has been a strong regional advocate, helping communities undertake forest-based economic and conservation initiatives and working to establish the region as a world-class tourist destination. In 2006, the Northern Forest Center and New Hampshire's North County Council secured funding from the Federal Economic Development Administration to launch the Sustainable Economy Initiative (SEI). Two years later, SEI's 60-member steering committee and all four Northern Forest governors endorsed the first sustainable Northern Forest development strategy.

The Northern Forest Center also organized the Summit for the Northern Forest to develop action plans. More than 20 tourism stakeholders, led by the Northern Forest Canoe Trail (NFCT), launched the Northern Forest Tourism Network (NFTN), which built a communications platform and increased the coordination of tourism projects. At a second summit, in 2011, NFTN members produced a three-part action plan:

- Action research: Inventory, study, and share best practices; consolidate studies measuring tourism's growing importance to the Northern Forest economy.
- Training and workforce development: Help business owners, managers, and frontline employees respond to changing tourist demands.
- Product development: Capitalize more fully on the region's potential as a national and global travel destination.

Northern Forest Canoe Trail

NFCT is a 740-mile inland paddling route across New York, Vermont, Québec, New Hampshire, and Maine. It traverses several counties that lag behind state and national median household income by up to 30 percent.[5] NFCT has stimulated economic activity in all of them with its emphasis on stewarding natural resources, ensuring public access to waterways, and promoting canoe and kayak experiences.

NFCT's Community Economic Development Program catalyzes nature- and heritage-based development through reciprocal relationships with communities and businesses. Business partners provide paddler services, including shuttles, lodging, and supplies. The businesses—many small sole proprietors—gain the customers and brand recognition that a well-publicized expedition trail provides. Mutual benefits stem from cooperative product development (activity packages and itineraries), marketing (especially NFCT's online trip-planning tool), and events like paddling races and river cleanups. One 2010 Vermont vacation package boosted trail usage while netting $22,000 for the host business.

Recent efforts to counter parochialism are shaping a common vision and strategy.

A 2010 survey of NFCT's business partners by the University of New Hampshire's Carsey Institute found that 83 percent viewed the collaboration as beneficial.[6]

Employee Training

Outstanding tourist services require highly skilled, motivated employees, so all four states are pursuing workforce development. The Maine Woods Tourism Training Initiative (MWTTI) is a project of the Maine Woods Consortium, a network that fosters conservation, economic prosperity, and community vitality. MWTTI was launched in 2009 with support from the U.S. Department of Agriculture Rural Development and the Maine-based Betterment Fund. Six county-level networks now coordinate curriculum design, creation of teaching materials, and training workshops.

Through spring 2011, more than 300 tourism employees and managers participated in sessions on customer service, marketing, social media, interpretive skills, and destination information. Most trainings emphasize core hospitality and customer service to facilitate workers' transition from traditional manufacturing industries. To serve dispersed communities, DVD lending libraries distribute curricula to businesses and employees who cannot attend workshops. An online training program was added in summer 2011.

The Northern Forest Tourism Network is now inventorying tourism training and formal tourism education programs regionwide—including at Paul Smith's College (New York), the Northeast Kingdom Travel and Tourism Association (Vermont), and White Mountains Community College (New Hampshire). Near-term goals are to share successful curricula and teaching media and establish a train-the-trainer network.

Coastal Enterprises Inc.

CEI is a Maine-based community development corporation and community development financial institution. Since 1977, CEI has focused on creating economic opportunity for low-income people, initially in Maine's rural towns and regions. It has provided more than $677 million in financing to 2,104 enterprises and has leveraged more than $1.5 billion for micro, small, and midsize enterprises. Projects range from value-added processing of natural resources to community facilities, affordable housing projects, and tourism.

An example of primary impacts on businesses directly involved in tourism is CEI's investment in the New England Outdoor Center's Ktaadn Resorts project in economically depressed Millinocket, Maine. Phase I included land acquisition, construction of nine "green" (LEED-certified) cabins, and renovation of additional facilities. As of this writing, the project has upgraded NEOC's infrastructure and has converted eight part-time jobs to full-time.

CEI's work on the 13 Mile Woods Project in Errol, New Hampshire, demonstrates secondary impacts, which include enterprises and activities that sustain infrastructure needed for a thriving rural tourism. CEI used New Markets Tax Credits to finance conservation of 5,269 acres, protecting them against overdevelopment and sustaining ecological, economic, and recreational benefits. Errol manages the woods as a working forest and recreation area, supporting tourism and the local forestry industry.

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The Northern Forest Tourism Network reaffirmed its commitment to four-state collaboration at its 2011 summit, framing an action plan that strengthens cooperation in employee training, product development, market research, and economic research. Stakeholders are progressing toward a more comprehensive and ambitious Northern Forest tourism strategy while also supporting state and local initiatives. As collaboration grows, the North Forest will, too.

David Vail *is professor of economics and director of environmental studies, emeritus, at Bowdoin College.* **Keith Bisson** *is director of rural resources and policy at Coastal Enterprises Inc. in Bangor, Maine.* **Kate Williams** *is executive director of the Northern Forest Canoe Trail, based in Waitsfield, Vermont.* **Mike Wilson** *is senior program director for the Northern Forest Center in South Portland.*

Endnotes

1 David Vail, "Revitalizing Maine's Rural Economy: A Lead Sector Strategy" in *Health Care and Tourism: A Lead Sector Strategy for Rural Maine*, eds. David Vail and Lisa Pohlmann (Augusta, Maine: Maine Center for Economic Policy, 2007).

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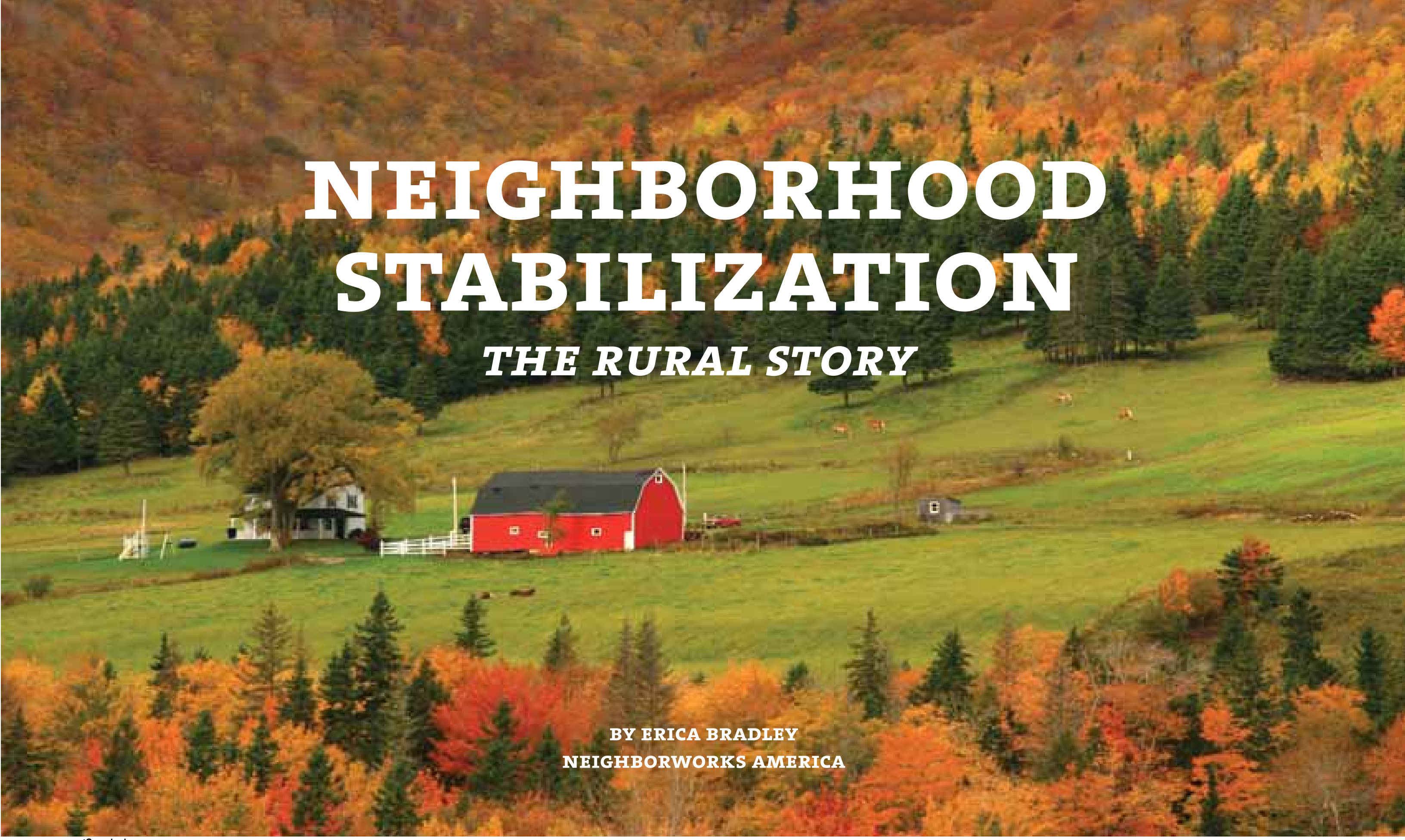
NEIGHBORHOOD STABILIZATION

THE RURAL STORY

BY ERICA BRADLEY
NEIGHBORWORKS AMERICA



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When house prices crashed in 2006-2007, foreclosures increased. The ensuing financial crisis and deep recession exacerbated the impact.

Concerned that foreclosures—and the associated property abandonment and crime—were destructive to communities, the federal government launched the Neighborhood Stabilization Program in 2008. Under the program, $3.92 billion was appropriated in grants to states, municipalities, and tribal governments. The funds could be used for the following:

- To establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- To purchase and rehabilitate homes and residential properties abandoned or foreclosed;
- To establish land banks for foreclosed homes;
- To demolish blighted structures; and
- To redevelop demolished or vacant properties.

Administered by the U.S. Department of Housing and Urban Development (HUD), funds were disbursed to states.[1] Each state had the authority to allocate funds to grantees, depending on which communities were classified as high need by the 2008 Housing and Economic Recovery Act's allocation formula.[2] Grantees (municipalities or nonprofits in high-foreclosure areas) used funds to purchase and redevelop foreclosed homes. The homes were then sold—at market value or subsidized by NSP funds—to new homeowners. Most funds went into urban areas, but in northern Maine, Vermont, and New Hampshire (the Northern Tier), funds were also used in troubled suburban and rural areas.

Under the first allocation (NSP I), grantees had 18 months to obligate—and four years to expend—the awards. A subsequent allocation of $2 billion (NSP II) passed under the American Recovery and Reinvestment Act of 2009. This time there was a competitive application process. The Dodd-Frank Act of 2010 authorized another $1 billion (NSP III) using the same formula as NSP I.

The Northern Tier

Northern Vermont, New Hampshire, and Maine put NSP funds to good use. A region in which the timber industry had long been the driving economic force, the Northern Tier had suffered for years from the closing of factories and paper mills. The sparsely populated area became even more sparsely populated, and communities faced increased foreclosures and more absentee-property ownership.

Vermont

In Vermont, NSP funds were awarded to the Vermont Department of Housing and Community Affairs and were then distributed to grantees. The state partnered with the Vermont Housing Finance Authority and five NeighborWorks America homeownership centers to distribute funds quickly. According to Ann Karlene Kroll, director of grants management at Vermont's agency of Commerce and Community Development, the homeownership centers' "ears on the ground" helped the agency make good decisions on where grant money would have the biggest impact.

NSP Funds went into two programs: the Homeownership Acquisition and Rehabilitation Program (HARP) and the multifamily home program. HARP was used for single-family home development. After a grantee developed the homes, they were sold either at market rate or subsidized, depending on the family's area median income.

HARP's ability to use the money wisely and quickly, says Kroll, lay in being able to partner with organizations throughout the state and get their help reviewing homes. "That is truly the secret of our success," she says. More than 400 homes were reviewed under NSP I. However, finding homes that met the requirements did present challenges. Many homes were deemed unfit because they were rundown, lacked a good foundation, or were overpriced. And even after the purchase, some of the homes were found to have surprises calling for rehab work.

HUD requirements, such as the timeline to move funds out the door, sometimes meant that the purchasing and redevelopment of homes took place faster than the homes could be resold. Says Kroll, under NSP I, 41 homes were purchased by NSP grantees, but as of this writing, only 16 have been sold to homeowners. The others are either in development or are ready to be sold.

Despite the challenges, Kroll sees HARP as a success because it enabled Vermont to move funds to grantees and to get redevelopment going. It allowed single-family homes to be developed in Vermont's rural north, where single-family homes are the home of choice. Funds not used for HARP were disbursed for the redevelopment of multifamily homes. Kroll notes, for example, that the City of Rutland is currently turning an old school into a multifamily home at an estimated cost of $1.3 million.

New Hampshire

New Hampshire also was awarded funds through NSP I, but the state focused more on multifamily projects in cities. Awardees included the cities of Manchester, Nashua, Rochester, Berlin—and Harbor Homes Inc. (Harbor Homes funds actually meant that Nashua got the benefit of a second grant.)

In Berlin, years of changing economic conditions, including the closing of a paper mill, made NSP funds especially welcome. Says Kevin Flynn, communications director for the Community Development Finance Authority, "We think Berlin is remarkably suited for a program like NSP. It faces a unique set of economic challenges, with an aging housing market playing a key role in the overall health of the city."

Once a thriving mill town, the city saw population plummet between 1950 and 2000. Decreases in employment and population led to high rates of property abandonment and absentee ownership. For NSP purposes, Berlin was listed as a Tier 1 municipality—meaning it had "high needs" and 100 or more foreclosures between January 2006 and August 2008. The city was granted $4.3 million to redevelop foreclosed or vacant properties. Having identified the Notre Dame High School, Granite Street properties, and Lower East Side neighborhoods as most at risk of dilapidation, the city partnered with New England Family Housing to acquire and rehab 39 multifamily units.

Flynn says the city is already seeing signs that NSP is working. "Since NSP began, home values in the program area have gone up 17 percent, homeownership is up 2 percent, and 911 calls to those neighborhoods are down 4.5 percent. … What we hear from people in the neighborhoods is the program is having its intended effect. Residents who live across the street from these rehabbed homes have been cleaning up their yards, planting flowers, and taking pride in their own property. NSP helped stop the bleeding. Now residents are breathing life back into their community."

A region in which the timber industry had long been the driving economic force, the Northern Tier suffered for years from the closing of factories and paper mills.

Maine

Maine was awarded $19.6 million in NSP I funds. Allocation recipients included the cities of Auburn, Bangor, Bath, Biddeford, Lewiston, and Portland. Cumberland County, the Town of Sanford, MaineHousing, Maine State Housing Authority, Kennebec Valley Community Action Program, and the State of Maine (for general administration) also received money.

No funds were provided to the northern part of the state. According to Tammy Knight, development program manager for the Maine Office of Community Development, there were too few foreclosures per population density for Maine's Northern Tier to be included. Knight indicates it was hard to choose where to focus funding. "We had to do our due diligence on this. The whole purpose was to stabilize neighborhoods. It was a daunting task."

The factors for determining NSP eligibility in Maine included the number of foreclosures that occurred in 2008, the geographic density of foreclosures, and the likelihood that foreclosures would increase in 2009. Fifteen municipalities, representing six percent of all communities in the state, were put into the Tier I category. There were six communities in the Tier II category, but they were not ultimately funded, because all Tier I communities found projects to fund within the required time frame.

More Help Needed

On the national level, NSP was widely considered a much needed shot in the arm. The regulations gave states flexibility in disbursing funds, which then went to urban, suburban, or rural areas depending on the greatest need.

In the Northern Tier, each state reported different reasons for satisfaction with the program. Vermont saw success with building single-family homes, although there were challenges selling the homes as quickly as they got redeveloped. The small city where New Hampshire distributed NSP funds, Berlin, has seen signs of the desired stabilization. Maine chose not distribute funds to its sparsely populated northern counties but reported success with NSP in its cities.

Rural and urban areas experience community stabilization differently. Rural regions see foreclosures spread across wide swaths, not in blocks or neighborhoods as in a large urban city. Wherever rural areas did not fit the criteria set by HUD for greatest need, as in northern Maine, funds were allocated elsewhere. In the end, there were not enough NSP funds to help all the communities that could have benefited.

As of this writing, NSP III had been awarded, and Vermont, New Hampshire, and Maine were reviewing applications from municipalities and other potential grantees.

Erica Bradley *works with the Rural Initiative at NeighborWorks America. She is based in Boston.*

Endnotes

[1] See http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg.

[2] See http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_14172.pdf.

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